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C O N F I D E N T I A L SECTION 01 OF 02 DHAKA 000656

SENSITIVE
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SUBJECT: IMPRISONED FORMER PM KHALEDA ZIA REMAINS DEFIANT

REF: A. DHAKA 0608
[1](#)B. DHAKA 0633
[1](#)C. DHAKA 0632

Classified By: Ambassador James F. Moriarty. Reasons: 1.4 (b) and (d)

SUMMARY

[1](#)1. (C) Nearly a week after Awami League President Sheikh Hasina was paroled from prison to seek medical attention abroad, a deal to free imprisoned Bangladesh Nationalist Party (BNP) Chairperson Khaleda Zia appears elusive. Complicating matters are Khaleda Zia's insistence that her two jailed sons be sent abroad unconditionally for medical treatment and that she remain in Bangladesh. Despite broad speculation a deal between the Caretaker Government and Khaleda Zia will be cut soon, there is little talk of compromise from her and her supporters, not only on her fate but on BNP participation in Parliamentary elections scheduled for December. Still, Khaleda Zia's concern for her sons' health and the Caretaker Government's desire to have the BNP participate in elections suggest an accommodation may be reached.

A THREESOME COMPLICATES MATTERS

[1](#)2. (C) Former Prime Ministers Sheikh Hasina and Khaleda Zia both were jailed by the Caretaker Government last year on graft charges. Negotiating the terms of Sheikh Hasina's release from jail was relatively simple, primarily because she was eager to go abroad to visit her son, daughter, grandchild and sister. The main stumbling block appeared to be getting all components of the regime, especially the Directorate General of Forces Intelligence, to agree to terms of her release. Khaleda Zia, on the other hand, is insisting her two ailing sons be released from prison immediately to go abroad for medical treatment. The Caretaker Government appears particularly nervous about what to do with her eldest son, Tarique Rahman: his reputation for gross corruption and brutality has created worries he could greatly damage Bangladesh's frail democracy should he return to politics (see Reftel A). Resolution of his fate may hinge in part on whether his mother is willing to accompany him abroad; Tarique's sister-in-law earlier told the Embassy that Khaleda Zia was under pressure from the Government to leave the country with him. That would provide political symmetry with the compromise over Sheikh Hasina, but Khaleda Zia defiantly declared in a June 16 court appearance she would not go abroad.

[1](#)3. (C) BNP Joint Secretary General Nazrul Islam Khan told PolOff recently that he believed the government would reach

an accomodation with Khaleda Zia and her sons because she remains popular within the military. Nazrul, who is a party moderate, said his "hunch" was that upon being released she would spend a week or more working to reunify and reorganize the party before going abroad to be with her sons, Tarique and Arafat Rahman Koko. Upon her release, Nazrul continued, she would support BNP dialogue with the Caretaker Government on the country's democratic future, just as Sheikh Hasina had supported Awami League participation. Still, he acknowledged that Khaleda Zia was keeping close counsel and handling her negotiations with the Government on her own, making it difficult to gain insight into her current thinking.

BNP: AMBIVALENCE TOWARD ELECTIONS

14. (C) While the fate of Khaleda Zia remains uncertain, efforts to reunify a breakway reformist faction with her loyalists appear on hold. Muhammad Nawshad Zamir, one of her lawyers, and BNP Office Secretary Mohammad Ruhul Kabir Rizvi told PolOff there could be no reconciliation until Maj. (retired) Hafiz Uddin Ahmed, named acting BNP Secretary General at a gathering of reformists in October, denounced that meeting as "inappropriate." The loyalists indicated they were not interested in taking the lead in uniting the party's two factions, which presumably would be a prerequisite to a strong BNP election campaign. (Comment: Rizvi in particular might be taking a hard line on reunification because his position within the party could suffer should senior reformists return to the fold. End Comment)

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15. (C) Nawshad also said that, in a courtroom conversation with Khaleda Zia earlier this month, she had expressed distrust of Chief of Army Staff Gen. Moeen Uddin Ahmed. (Note: Moeen, a key supporter of the Caretaker Government, is perceived by many BNP leaders to be biased toward the Awami League. End note.) Nawshad said Moeen's resignation could be a BNP precondition for participating in the elections. Nawshad and Rizvi also raised as a possible precondition the resignation of the three-member Election Commission, which lost credibility in the eyes of BNP loyalists after it invited the reformists to talks on electoral reforms. Khaleda Zia herself, however, has not commented specifically on whether she would make such demands upon her release from jail or on how she would approach the issue of reunification.

IT'S NOT ALL ROSES FOR THE AWAMI LEAGUE

16. (C) While the BNP remains in visible disarray, the appearance of Awami League unity under Sheikh Hasina is somewhat misleading. The day Sheikh Hasina left Dhaka for the United States, Awami League Presidium Member Amir Hossain Amu told PolOff he would conduct a "whispering campaign" among local party activists against her continued leadership. He said he could not work with her over the long-term and confirmed he barely spoke with her in the hours between her release from jail and departure abroad. Amu had privately urged the regime not to release Sheikh Hasina to go abroad; he acknowledged that his political hopes now depended on her being convicted on at least one of the several graft charges against her. (Note: Sheikh Hasina's graft trials can continue in her absence. End note.)

COMMENT: WHO WILL BLINK FIRST?

17. (C) Although Khaleda Zia and the Caretaker Government appear locked in a battle of wills, an eventual compromise makes sense for both sides. Recent court appearances by her two sons underscored the fragile state of their health. The

authorities no doubt hope that concerns about their health will spur Khaleda Zia to reach an accomodation to get them medical care abroad. Meanwhile, the regime realizes BNP participation in political dialogue and in December elections is unlikely without her release. The main sticking points appear to be Tarique Rahman's political future and whether Khaleda Zia will stay in Bangladesh or accompany her sons abroad upon release from jail. Should she go, Nazrul is among those who feel the prospects for a more stable political environment in the run-up to December elections would brighten. So too might prospects of loosening the two ladies' decades-old iron grip on Bangladeshi politics.

Moriarty